The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

Paper No. 43

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Ex parte GUY L. MCCLUNG III

Appeal No. 2004-0860
Application No. 09/375,451

ON BRIEF

MAILED
DEC 15 2005
U.S. PATENT AND TRADEMARK OFFICE
BOARD OF PATENT APPEALS
AND INTERFERENCES

Before THOMAS, BARRETT, and LEVY, Administrative Patent Judges.

LEVY, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134 from the examiner's final rejection of claims 55-71, which are all of the claims pending in this application.

BACKGROUND

Appellant's invention relates to a system for providing guaranteed pricing for a predetermined time period so that a customer is assured that an item purchased will not be sold in the near future at a discount or sale price which is not made

available to the consumer (specification, page 2). If the price of an item drops below what the customer paid, within a predetermined time from the customer's purchase, the difference is refunded to the customer as a credit to the customer's account (specification, page 6).

An understanding of the invention can be derived from a reading of exemplary claim 55, which is reproduced as follows:

55. A method for guaranteeing a consumer a best price on an item purchased from a vendor in a consummated final first transaction at a first price, the method comprising

recording the first price and information identifying the consumer;

monitoring the sales price of the item for a predetermined time period after purchase of the item by the consumer in the consummated final first transaction;

noting any price lower than the first price for the item during the predetermined time period following the purchase of the item;

calculating a money-value difference between the first price and said any price lower than the first price; and

refunding to the consumer an amount equal to the money-value difference;

wherein the item is purchased via a host system and the host system records the first price and information identifying the customer; the host system conducts the monitoring, noting, and calculating steps; and the host system provides the refund to the consumer; and

wherein the host system provides the refund by crediting an account of the consumer.

The prior art references of record relied upon by the examiner in rejecting the appealed claims are:

Bloomberg et al. (Bloomberg)	5,642,279	June 24, 1997
Walker et al. (Walker)	6,249,772	June 19, 2001 (filed Jul. 8, 1997)

Claims 55-71 stand rejected under 35 U.S.C. § 101 as being drawn to non-statutory subject matter.

Claims 55-71 additionally stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Bloomberg in view of Walker.

Rather than reiterate the conflicting viewpoints advanced by the examiner and appellant regarding the above-noted rejections, we make reference to the examiner's answer (Paper No. 39, mailed September 29, 2003) for the examiner's complete reasoning in support of the rejections, and to appellant's brief (Paper No. 38, filed July 12, 2003) and reply brief (Paper No. 40, filed October 20, 2003) for appellant's arguments thereagainst. Only those arguments actually made by appellant have been considered in this decision. Arguments which appellant could have made but chose not to make in the brief have not been considered. See 37 CFR § 41.37(c)(1)(vii).

OPINION

In reaching our decision in this appeal, we have carefully considered the subject matter on appeal, the rejections advanced by the examiner, and the evidence of statutory subject matter and obviousness relied upon by the examiner as support for the rejections. We have, likewise, reviewed and taken into consideration, in reaching our decision, appellant's arguments set forth in the briefs along with the examiner's rationale in support of the rejections and arguments in rebuttal set forth in the examiner's answer. Upon consideration of the record before us, we affirm-in-part.

We note at the outset appellants' assertion (brief, page 6) that the claims are to be divided into three groups, namely: Group I claims 55-63; Group II claims 64-70, and Group III claim 71. Notwithstanding this assertion, appellants present separate arguments with respect to the application of prior art against dependent claims 58, 59, 62 and 68. Accordingly, we will separately address these claims.

We begin with the rejection of claims 55-71 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. We turn first to independent claims 55, 64 and 71.

The examiner's position (answer, page 6) is that claim 55 is drawn to a method, and that claims 64 and 71 are in "means plus

function" format. The examiner notes (answer, page 7) the statement in the specification (page 8) that the method can be carried out manually with paper records and that the refund can be hand paid in cash. It is argued that the "broadest reasonable equivalent disclosed ('by hand' or 'manually with paper records') fails to pass the first prong of the technological arts test and therefore recites non-statutory subject matter under 35 USC 101."

The appellant's position (brief, page 18) is that "'host system' [as in claims 55, 65, 66, and 71] is used throughout the text of the Specification of the present application and is well-defined therein."

The examiner responds (answer, page 11) that "[a] host system broadly claimed can be any main system not necessarily a computerized system." The examiner asserts that "[t]he specification clearly states on page 7, lines 25-[sic], col. 1-11 that the method can be done manually with paper record."

Appellant replies (reply brief, page 2) that "[e]ven accepting this reasoning, a 'main system' as referred to in the Answer would satisfy the 'structure' requirements of § 101. It is not only a 'computerized system' that can satisfy § 101."

From our review of the specification and relevant case law we find no support for the examiner's assertion that a "technological arts" test exists, for the reasons set forth in

Ex parte Lundgren, 76 USPQ2d 1385 (Bd. Pat. App. & Int. 2005). From our review of the specification, we find disclosed that the method is carried out by a computer system, but that the method can also be carried out manually, with paper records. However, claim 55 recites a host system for carrying out the recited steps. We find that since a system is claimed, that the claim is not drawn to a method carried out manually, and is therefore statutory, as the examiner has stated in the record (answer, page 6) that the method of claim 55 recites a "useful, concrete and tangible result." Accordingly, we find claim 55 to be statutory with the meaning of 35 U.S.C. § 101. We are not persuaded by the examiner's assertion (answer, page 6) that claim 55 recites no structural limitations as we find that claim 55 refers to a machine-implemented method.

Turning to independent claims 64 and 71, we find that although these claims are couched in "means plus function" format, that these claims are also drawn to a system, which we consider to be a machine, and not to a method carried out in a manual fashion. Because these claims are directed to a system, and the examiner has stated on the record (answer, page 6) that claim 64 recites a "useful, concrete and tangible result" we find claims 64 and 71 to be statutory with the meaning of 35 U.S.C. § 101.

We turn next to the rejection of claims 55-71 under 35 U.S.C. § 103(a) as being unpatentable over Bloomberg in view of Walker.

In rejecting claims under 35 U.S.C. § 103, it is incumbent upon the examiner to establish a factual basis to support the legal conclusion of obviousness. See In re Fine, 837 F.2d 1071, 1073, 5 USPQ2d 1596, 1598 (Fed. Cir. 1988). In so doing, the examiner is expected to make the factual determinations set forth in Graham v. John Deere Co., 383 U.S. 1, 17, 148 USPQ 459, 467 (1966), and to provide a reason why one having ordinary skill in the pertinent art would have been led to modify the prior art or to combine prior art references to arrive at the claimed invention. Such reason must stem from some teaching, suggestion or implication in the prior art as a whole or knowledge generally available to one having ordinary skill in the art. Uniroyal, Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 1051, 5 USPQ2d 1434, 1438 (Fed. Cir. 1988); Ashland Oil, Inc. v. Delta Resins & Refractories, Inc., 776 F.2d 281, 293, 227 USPQ 657, 664 (Fed. Cir. 1985); ACS Hosp. Sys., Inc. v. Montefiore Hosp., 732 F.2d 1572, 1577, 221 USPQ 929, 933 (Fed. Cir. 1984). These showings by the examiner are an essential part of complying with the burden of presenting a prima facie case of obviousness. Note In

re Oetiker, 977 F.2d 1443, 1445, 24 USPQ2d 1443, 1444 (Fed. Cir. 1992). If that burden is met, the burden then shifts to the applicant to overcome the prima facie case with argument and/or evidence. Obviousness is then determined on the basis of the evidence as a whole. See id.; In re Hedges, 783 F.2d 1038, 1039, 228 USPQ 685, 686 (Fed. Cir. 1986); In re Piasecki, 745 F.2d 1468, 1472, 223 USPQ 785, 788 (Fed. Cir. 1984); and In re Rinehart, 531 F.2d 1048, 1052, 189 USPQ 143, 147 (CCPA 1976).

The examiner's position (answer, page 8) is that "[i]t would have been obvious . . . to include in the system of Bloomberg of crediting an account of the consumer because such a modification would allow the system of Bloomberg to immediately provide the refund rather than having to wait for the refund to be mailed."

The appellant's position (brief, page 9) is that "the cited references have been incorrectly interpreted. In summary, the Bloomberg reference has nothing to do with any account of any kind and the Walker reference has nothing to do with any post-sale activity."

The examiner responds by arguing (answer, page 12) "the walker [sic] reference was merely cited for teaching crediting an account of the consumer. Walker on col. 22, lines 17-33 clearly teaches that a refund can be credited to a customer's credit card account."

The appellant replies that (reply brief, page 4) "[t]he Answer is wrong to characterize what Walker deals with as 'providing the refund.' The claimed refund or refunding is specified as related to a 'predetermined time period after purchase.'"

From our review of Bloomberg, we find that Bloomberg recognizes the problem of retail customers being concerned that they are getting the best price when buying big ticket items such as TVs. As a result, customers are apt to visit a number of dealers before making a purchase, as well as delaying the purchase in hope of getting a lower price (col. 1, lines 11-18). Bloomberg additionally recognizes that in the past, a solution has been to give consumers a refund if the price drops within a given period of time, such as 30-60 days (col. 1, lines 19-31). Bloomberg discloses that the drawback of such a solution is that the customer has to return to the store along with their receipt and an advertisement from a competitor showing the lower price, which in effect requires the customer to monitor competitive advertisements over time (col. 1, lines 32-41). It is disclosed in the Summary of the Invention that by utilizing a computer system to implement the program, it can be performed in a cost-effective manner (col. 1, lines 53-61). Bloomberg further discloses (col. 1, lines 63-65) that the system "provide[s]

price protection to retail customers of a dealer for at least selected goods." Bloomberg discloses storing in the computer competitor's prices if they are lower, and using the computer to determine at selected time intervals if automatic rebates are due to customers. The rebates are given (col. 2, lines 23-27) if "the computer determines that a product of the selected goods purchased by the customer has been advertised at a lower price by another within a selected time period after the purchase transaction . . . ."

Figure 1 discloses a computer system for carrying out the invention (col. 3, lines 19 and 20). Bloomberg adds (col. 3, lines 29-34) that although one computer is disclosed, that two or more computer systems could be used in carrying out the invention. The system stores customer information including the customer's name, address, telephone number, product, price, date of transaction, dealer location, etc. (col. 3, lines 50-57). Competitors' advertisements are manually scanned and lower prices are input into the system (col. 3, line 62 through col. 4, line 1). During step 34 (figure 2) a rebate routine is run daily, weekly, monthly, etc. (col. 4, lines 35-39). If a competitor's price is found to be lower during a predetermined period, a rebate is given to the customer by sending a check to the

customer (col. 4, lines 41-60 and col. 6, lines 6-9 and col. 6, lines 31-43).

Bloomberg teaches (col. 6, lines 6-8) "that when the rebate routine 34 is completed, the operation proceeds to step 70 to print rebate checks utilizing the information stored." Bloomberg further teaches (col. 6-7, lines 65-67 and lines 1-6) that "each transaction could be looked at during the thirty day period and a rebate check given if appropriate at any time during such period. The rebate given would then be subtracted from the price paid to determine a new effective price which would then be used for subsequent comparisons to determine if the customer might be eligible for an additional rebate."

From the disclosure of Bloomberg, we agree with the examiner (answer, page 8) that Bloomberg teaches the invention of claims 55, 64 and 71 with the exception that in Bloomberg, a check is printed and sent to the customer instead of crediting an account of the customer.

From our review of Walker we find that Walker is directed to a customer purchasing a product on the Web at an established price. The customer then goes to a local store and informs the store clerk that the product has been purchased on the Internet for an established price. The store clerk enters the customer's credit card number and the product number and retrieves the

established price, which the customer is charged (the established price may be significantly lower that the store's shelf price; col. 18, lines 23-28). Walker further discloses that rather than charging the customer the established price in real time, the difference between an established price and a store price could be made to appear as a rebate on the customer's credit card bill or as a check that is mailed or otherwise delivered to the customer (col. 22, lines 17-22). Thus, we find that in Walker, if a customer is charged more than the customer should have paid, that the difference is rebated to the customer by either writing a check to the customer or by crediting the customer's credit card. Even if Walker simply disclosed crediting the customer's credit card account, this alone would have been a sufficient suggestion to an artisan to have credited the customer's account in Bloomberg. From the disclosure in Walker that the amount rebated to the customer can be either by sending the customer a check or by crediting the customer's credit card account, we find an express teaching in Walker of the equivalence of giving rebates by crediting a charge account and sending a rebate check. Thus, we agree with the examiner that the teachings of Bloomberg and Walker suggest the language of claims 55, 64 and 71.

We are not persuaded by appellant's assertion (brief, page 6) that "no cited art or teaching includes critical elements of

what is claimed, namely, crediting a consumer's account with a price-differential based on the results of monitoring prices after a sale and determining a difference between a price paid in a completed sales transaction and a price charged later in time." For the reasons set forth, supra, we find that Walker suggests crediting the price differential to a customer's account. We add that although Walker refers to a customer's credit card account and not to an account set up by the host system, we observe that none of these claims sets forth that the customer's account is set up by the host computer system.

We are not persuaded by appellant's assertions (brief, page 10) that:

> The Walker reference is not directed to future-time post-sale prices that may go into effect for an item previously purchased by a consumer. Nothing in the Walker reference deals with or suggests a subsequent (in time) price that may go into effect for a purchased item. Nothing in Walker deals with or suggests charging a consumer a later lower price,

and that:

> In Walker, two prices are of concern - a pre-sale-consummation "established price" and an at-the-time-of-sale "store price." Neither of these prices is a price that comes into existence following the consummation of a purchase. Walker's "established price" is a pre-set price agreed upon by a consumer and a seller before a sale. This "established price" does not go into effect following (in time) a sale. Walker's "store price" is a price in effect at the time of sale - it is not a price that goes into effect following a sale.

Appellant's arguments are misplaced because Walker is not relied upon for any of these features.

Nor are we persuaded by appellant's assertions (brief, page 11) that:

> Walker is directed to systems for providing a manufacturer control over retail pricing. Walker has nothing to do with checking the sales price of an item after a sale to provide a consumer a better, lower price. Walker has no teaching or suggestion regarding monitoring sales prices; monitoring sales prices for a predetermined time period <u>after</u> a sale is finalized or for noting <u>any</u> price lower than a price paid,

and that:

> Walker is directed only to the situation in which the pre-set "established price" is less than the "store price." Walker does not envision the situation in which the store price is less than the established price. Whether in Walker at the time the sale is made the customer is charged the store price or the established price, there is no teaching or suggestion to monitor sales prices **after** the sale is finalized. Put another way, Walker could not claim what is now claimed herein - there would be no support in Walker for such claims.

We are not persuaded by these arguments because Walker is not cited for any of these features either.

On pages 12 and 13 of the brief, we similarly find that appellant refers to portions of Bloomberg and Walker for features that they have not been cited for, but rather argues that Bloomberg does not teach the limitations for which Walker is

relied upon, and that Walker does not teach the limitations for which Bloomberg is relied upon. The critical portion of Walker relied upon by the examiner (col. 22, lines 17-22) is argued in the reply brief (page 4) where appellant asserts "[t]he stated logical connection fails because Walker does not teach, and has no teaching or suggestion regarding, refunds based on post-sale activity." We are not persuaded by appellant's argument because Walker is not relied upon for a teaching of giving refunds based upon post sale activity, as Bloomberg has been relied upon for that feature.

From all of the above, we are not convinced of any error on the part of the examiner and find that the teachings of Bloomberg and Walker suggest the limitations of claims 55, 64 and 71. Accordingly, the rejection of claims 55, 64 and 71 under 35 U.S.C. § 103(a) is affirmed. As claims 56, 57, 60, 61, 63, 65-67, 69 and 70 fall with claims 55, 64 and 71, the rejection of claims 56, 57, 60, 61, 63, 65-67, 69 and 70 is affirmed.

We turn next to claim 58. The claim recites "The method of claim 55 wherein the account is an account of the consumer with the host system." The examiner's position (answer, page 9) is to take Official Notice that it is old and well known to have an in-store credit card. Appellant argues (brief, pages 14 and 15)

that an in-store credit card system is not the host system of claim 58 and (brief, page 15) that "[t]he Office Action never says that an in-store credit card system is the claimed host system or its equivalent; nor is it established that an in-store credit card system can do what the claimed host system does."

From our review of the claim, we find that the examiner has construed the claim more narrowly than the language of the claim requires. The claim does not require an in-store credit account. Nor does the claim require that the customer account is an account of the host system. All the claim requires is that the price differential is provided to an account of the consumer with the host system. As broadly drafted, this reads on providing the price differential to a credit card account of the user that the host system communicates with, and as such, is met by Walker's rebating to the credit card account of the customer. From all of the above, we affirm the rejection of claim 58.

We turn next to claim 59. Claim 59 recites "[t]he method of claim 55 wherein a refund is made for each subsequent sales price lower than the first price." Appellant's position (brief, page 16) is that "Bloomberg has no teaching or suggestion of allowing a consumer to take advantage of subsequent multiple prices."

From our review of the record, we agree with the examiner (answer, page 9) that Bloomberg teaches this feature by disclosing (col. 6, line 62 through col. 7, line 4) that:

> Further, while for the preferred embodiment a determination is made only at the end of the selected period, for example at the end of thirty days after the transaction, whether a rebate is due, it is possible that each transaction could be looked at during the thirty day period and a rebate check given if appropriate at any time during such period. The rebate given would then be subtracted from the price paid to determine a new effective price which would then be used for subsequent comparisons to determine if the customer might be eligible for an additional rebate.

Accordingly, the rejection of claim 59 under 35 U.S.C. § 103(a) is affirmed.

We turn next to claim 62. Claim 62 recites "[t]he method of claim 55 wherein only prices for the item to be sold by the vendor involved in the first transaction are taken into account in the noting step." We reverse the rejection of claim 62 because the examiner's assertion of obviousness (answer, pages 10 and 13) is unsupported by any evidence in the record. Thus, we find that the examiner has failed to establish a prima facie case of obviousness of claim 62. Accordingly, the rejection of claim 62 under 35 U.S.C. § 103(a) is reversed.

We turn next to claim 68. The examiner's position (answer, page 10) is to take Official Notice that it is old to duplicate

incentives, such as the use of double coupons. We will not sustain the rejection of claim 68 because claim 68 requires more that the use of double coupons. The claim requires duplicating any incentive accompanying sales of the item after the transaction, for the predetermined period of time. Neither of the references relied upon by the examiner have any teaching or suggestion of duplicating incentives (such as airplane miles) but rather are limited to rebates of a price differential. Accordingly, we agree with appellant (brief, pages 17 and 18) that the limitation of claim 68 is not suggested by the prior art. The rejection of claim 68 is therefore reversed.

CONCLUSION

To summarize, the decision of the examiner to reject claims 55-71 under 35 U.S.C. § 101 is reversed. The decision of the examiner to reject claims 55-61, 63-67 and 69-71 under 35 U.S.C. § 103(a) is affirmed. The decision of the examiner to reject claims 62 and 68 under 35 U.S.C. § 103(a) is reversed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 CFR § 1.136 (a)(1)(iv)(effective Sept. 13, 2003; 69 Fed. Reg. 49960 (Aug.12, 2004);).

AFFIRMED-IN-PART

JAMES D. THOMAS Administrative Patent Judge	BOARD OF PATENT APPEALS AND INTERFERENCES
LEE E. BARRETT Administrative Patent Judge	
Stuart S. Levy Administrative Patent Judge	

SSL/gjh

GUY L. MCCLUNG, III
16690 CHAMPION FOREST DRIVE
SPRING, TX 77379-7023